

Message Text

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ORIGIN PM-07

INFO OCT-01 ARA-16 EUR-25 EA-11 NEA-10 ADP-00 TRSE-00

OMB-01 AID-20 IGA-02 L-03 CIAE-00 INR-10 NSAE-00

RSC-01 DODE-00 SS-15 NSC-10 ABF-01 /133 R

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7/23/73:EXT. 22280

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R 251522Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY MONTEVIDEO

AMEMBASSY TAIPEI

AMEMBASSY AMMAN

AMEMBASSY LISBON

USCINCEUR VAIHINGEN GERMANY

CINCPAC CAMP H M SMITH HI

USCINCSO QUARRY HEIGHTS CZ

C O N F I D E N T I A L STATE 145791

E.O. 11652: GDS

TAGS: MASS, AR, NO, PN, UY, TS, JO, PO, US

SUBJECT: SECTION 514, FAA, BILLING PROCEDURES

REFS: (A) STATE 027019, FEB 72; (B) STATE 231853 DEC 72;

(C) STATE 109048

1. THIS RESPONDS TO YOUR MESSAGES COMMENTING UPON BILLING
PROCEDURES OUTLINED IN REF. C.

2. APPRECIATE VIEWS REGARDING CONSTRUCTIVE DELIVERY AND
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FULLY UNDERSTAND YOUR CONCERN WITH POTENTIALLY AWKWARD

CIRCUMSTANCES WHICH MAY OCCUR SHOULD A LINE REMAIN UNDELIVERED FOR WHATEVER REASON.

3. A NUMBER OF COUNTRIES ARGUED FOR SOME FORM OF QUOTE DOCUMENTATION UNQUOTE. THE ONLY AVAILABLE DOCUMENTATION IS THE ADP SYSTEM, WHICH PROVIDES AUDIT TRAIL. FOR SOME YEARS NOW, DELIVERIES HAVE BEEN REPORTED BY THE MILITARY DEPARTMENTS TO THE CENTRAL DATA BANK IN DSAA ON THE BASIS OF CONSTRUCTIVE DELIVERY, I.E., DROPPED FROM INVENTORY AND DELIVERED TO A CARRIER. THE SAME HOLDS TRUE FOR TRAINING QUOTE DELIVERY UNQUOTE. THE ISSUANCE OF A MAP ORDER EQUATES TO DELIVERY, I.E., THE ONLY RECORDED PERFORMANCE IN THE DSAA DATA SYSTEM IS THE MAP ORDER. TRAINING IS DEEMED RENDERED IN FULL AT TIME FUNDS ARE FIRST OBLIGATED UPON RECEIPT BY MILITARY DEPARTMENTS OF THE MAP ORDER. REF. A, PARA 2 AND REF B, PARA 2 PERTAIN.

4. AS TO THE QUESTIONING OF A SUBMITTED BILL, WE WOULD ALLOW SUFFICIENT TIME TO RESOLVE BILLING DISCREPANCIES. ON A CASE-BY-CASE BASIS, WE WOULD CONSIDER ADJUSTING THE SUSPENSE DATE WHERE WARRANTED. HOWEVER, NORMALLY, SUCH DISCREPANCIES SHOULD BE RESOLVED BEFORE THE SUSPENSE DATE.

5. THE PCH AND T CHARGE IS A FACTORED CHARGE LEVIED TO RECOVER THE COST OF SUPPLY OPERATIONS. IT IS ADDED TO THE BILLING, AND IS COMPUTED AT 10 PERCENT OF THE FUNDED PROGRAM AND 10 PERCENT OF THE FAIR VALUE OF EDA. PARA 9 OF STATE'S BASIC IMPLEMENTATION MESSAGE (STATE 014505, 26 JAN 72) ADVISES THAT QUOTE MILITARY ASSISTANCE IS INTERPRETED TO INCLUDE ALL ASSISTANCE UNDER PART II OF FAA (EXCLUDING CHAPTER 4, SECURITY SUPPORTING ASSISTANCE), IE, TANGIBLE ITEMS, CONSUMABLES, PCH AND T, AND TRAINING UNQUOTE. (NOT STATED, BUT UNDERSTOOD, WAS EDA.)

6. WHEN YOU CONSIDER THAT 10 PERCENT IS A MINOR TARIFF IMPOSED ON A GRANT PROGRAM SUBJECT TO MANY CHANGES DURING THE COURSE OF THE FISCAL YEAR (WITH BILLING EQUALLY SUBJECT TO ADJUSTMENT) AND IN VIEW OF THE CONSIDERABLE VALUE RECEIVED AT NO COST, IT WOULD APPEAR REASONABLE TO REQUEST PERIODIC GOOD-FAITH DEPOSITS AGAINST REPORTED DELIVERIES.

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VERIES EVEN THOUGH THEY ARE QUOTE CONSTRUCTIVE UNQUOTE. BILLING ON AN ACTUAL BASIS WOULD REQUIRE ACCOUNTING FOR AND REPORTING RECEIPT OF MAP MATERIEL IN-COUNTRY. WE BELIEVE THIS WOULD ENTAIL A LARGER WORKLOAD FOR YOU THAN WOULD LIKELY BE ENCOUNTERED SOLELY AS A RESULT OF THE LAG ASSOCIATED WITH CONSTRUCTIVE DELIVERY. IN ADDITION, WE WOULD NOT BE ABLE TO USE THE DSAA ADP SYSTEM TO REPORT TO CONGRESS CONCERNING AMOUNTS BILLED RECIPIENT COUNTRIES.

7. SOME POSTS HAVE SUGGESTED BILLING BOTH MATERIEL AND TRAINING ON AN ANNUAL BASIS. TREASURY POINTS OUT THAT ANNUAL BILLING FOR MATERIEL REPRESENTS A LOSS OF INTEREST TO THE U.S. THE AGREEMENT TO BILL TRAINING ANNUALLY REPRESENTS A CONCESSION ON PART OF TREASURY. THE WEEKLY TRAINING MAP ORDERS DURING THE COURSE OF THE YEAR ARE SUBJECT TO CONSIDERABLE CHANGE AND COST ADJUSTMENT. WE DECIDED TO BILL 60 DAYS AFTER CLOSE OF FISCAL YEAR SINCE MOST CHANGES WOULD HAVE PROCESSED THROUGH THE SYSTEM BY THAT TIME. AN ADP LISTING FROM DSAA'S DATA BANK SHOULD REFLECT (TO AN ACCEPTABLE DEGREE) VALUE RECEIVED. ALSO, IT SHOULD SATISFY THE REQUEST FOR ADP DOCUMENTATION IN SUPPORT OF THE BILL.

8. SOME QUESTIONED THE BILLING OF FIRST AND SECOND QUARTER FY 73 TRAINING. PARA 10 OF REF C PERTAINS. SINCE THERE WAS NO DISAGREEMENT FROM THE FIELD WITH BILLING ALL TRAINING ANNUALLY, THERE WILL BE NO NECESSITY TO ATTEMPT COLLECTION OF REMAINING, UNPAID TRAINING LINES UNTIL THE END OF THE FISCAL YEAR. IF COLLECTION HAS ALREADY BEEN ACCOMPLISHED WE WILL NET IT OUT AGAINST THE ANNUAL BILL FOR TRAINING. ROGERS

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